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THE MARITIME LIFE ASSURANCE COMPANY

annual report
1971



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THE MARITIME LIFE ASSURANCE COMPANY

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1971

BOARD OF DIRECTORS

W. H. C. Schwartz

Halifax, Nova Scotia
Chairman of the Board
The Maritime Life Assurance Company
Chairman of the Board
W. H. Schwartz & Sons Limited

R. G. Smith

Halifax, Nova Scotia
Vice Chairman of the Board
The Maritime Life Assurance Company
Former President
National Sea Products Limited

R. F. Richardson

Halifax, Nova Scotia
President and Chief Executive Officer
The Maritime Life Assurance Company

Air Marshall Hugh Campbell, C.B.E., C.D.

Ottawa, Ontario
Corporate Director

H. R. Cohen

Moncton, New Brunswick
Senior Partner, H. R. Cohen

R. Ross Craig

Hamilton, Ontario
Executive Vice-President
Commercial
Dominion Foundries & Steel Company

John T. Longmoore

Boston, Massachusetts
Second Vice-President
John Hancock Mutual Life Insurance Company

Arthur R. Lundrigan

Corner Brook, Newfoundland
President and Chief Executive
Lundrigan's Limited

Victor A. Lutnicki

Boston, Massachusetts
Executive Vice-President
Group Operations
John Hancock Mutual Life Insurance Company

C. E. MacCulloch

Halifax, Nova Scotia
President
Halifax Developments Limited

Donald McInnes, Q.C., L.L.D., D.C.L.

Halifax, Nova Scotia
Senior Partner
McInnes, Cooper & Robertson

Georges H. Mercier

Montreal, Quebec
Corporate Director

Paul R. Weaver

Boston, Massachusetts
Senior Vice-President
Field Management & Marketing
John Hancock Mutual Life Insurance Company

William C. Whittemore

Boston, Massachusetts
Senior Vice-President and Treasurer
John Hancock Mutual Life Insurance Company

HONORARY DIRECTORS

Bernard Lockwood, F.F.A.

Halifax, Nova Scotia
Former General Manager
The Maritime Life Assurance Company

J. A. Walker, Q.C., L.L.D., K.C.S.G.

Halifax, Nova Scotia
Senior Partner
Walker, Dunlop, Bushell & Caldwell



W. H. C. SCHWARTZ

W. H. C. Schwartz is retiring from the Board of Maritime Life after serving for almost thirty years. He was elected a Director in 1943, President in 1954 and Chairman in 1969.

During this period, chiefly as a result of his leadership and drive, the Company grew from an annual premium income of \$522,037 to \$10,112,000 and its assets from \$4,514,711 to \$40,044,000.

Bill Schwartz, affectionately known as "Father" carries the respect and admiration of all Maritime Life people.

Possessor of "the common touch," he maintained a close personal relationship at all times with all those who surrounded him.

Our parting wish to you, "Father," — "Long may your big jib draw."

PRESIDENT'S REPORT

On behalf of the Board of Directors, I have pleasure in presenting the 48th annual report of The Maritime Life Assurance Company.

It is appropriate to commence this report by an expression of the appreciation of the Board of Directors for the services of Mr. W. H. C. Schwartz in his capacity as Board Member, President and Chairman. Perhaps it would best express this feeling on the occasion of his retirement, by simply stating that, if it were not for this one individual, it is a certainty that the record of success over the past fifteen years could not have been achieved.

In our 1970 report we indicated that 1971 would be a challenging year in which the principal objective would be to establish a sound base, both in Head Office and in the field, on which to build another five years of growth. It is indeed gratifying to report on the substantial progress achieved with respect to these objectives.

Our young management team has developed rapidly. The challenging administrative objectives established by Department Heads and Division Officers for 1971 have been largely accomplished. As a result the standard of service to our policyholders and field organization has been developed to the levels demanded by our Company policy of "efficient service".

In the field organization, important steps have been taken to establish the Company in the country's major metropolitan markets.

Mr. Denis Dennis was appointed Vice President and Director of Agencies in mid 1971. Under his direction a drive for excellence in our marketing of individual insurance has been launched. Important appointments of top quality personnel have been made to our marketing

organization in a number of Canada's major cities. The early results are most encouraging.

Thus both in Head Office and in the field, the Company is represented by men and women of experience and ability. Functioning together as a team, they represent a potent force for the future development of the Company and the provision of the best in service to the Company's increasing number of clients and policyholders.

In Group operations, the Board of Directors approved ten year objectives prepared by the Company's Group Executives. Consequent to this decision, our Director of Group Operations, Mr. R. E. Tierney, moved his office to Halifax, and all Group operations were centered at the Head Office.

While sales of individual policies were reduced from the high of 1970 (as a result of the curtailment of the Southern operations mentioned in our 1970 report), Group sales more than compensated for this reduction.

Sales of Individual Insurance (as measured by annualized premiums) were \$1,435,000 as compared with \$1,895,000 in 1970. Annualized premiums on Group sales were \$1,525,000 as compared with \$511,029 in 1970.

Thus total sales showed an increase of 23% based on first year annualized premiums.

Converting premiums to volume in a manner consistent with previous years gives individual sales of 77,486,000 compared with 107,271,000 in 1970. Group sales produced a life volume of 113,691,000 compared with 25,985,000 in 1970.

Once again, therefore, 1971 was a record sales year.

Our computer capacity was expanded by the installation of a Univac 9300 magnetic tape system. This conversion was carried out smoothly and has already resulted in improved internal scheduling and external service.

Revised premium rates and corresponding commission scales were completed and introduced during 1971.

The net rate of interest earned rose from 6.06% in 1970 to 6.25% in 1971.

Mr. Georges H. Mercier of Montreal and Mr. Charles E. MacCulloch of Halifax were elected to the Board during 1971.

Mr. Allan D. Foulis retired as a Director after fifteen years. Appreciation of his services over this period is expressed on behalf of the Board.

A decision was made during the year to proceed with the construction of an eight-story Head Office Building located on the Lockwood site purchased in 1970.

Our plans for a Caribbean subsidiary progressed steadily throughout 1971. As of the end of the year, our Trinidad and Tobago branch had been developed into a full scale Head Office operation, staffed entirely by Trinidadian nationals trained in the Branch and Head Office.

The new Company to be called The Maritime Life (Caribbean) Ltd. has been incorporated in Port-of-Spain, Trinidad. 40% of the shares in the Company are being offered to Trinidadian nationals and the Government of Trinidad and Tobago. The Canadian Company's business in force in Trinidad and Tobago will be transferred to the new Company. Prominent Trinidadian nationals will be elected from among its shareholders to serve on its Board of Directors.

The new Company's affairs will be directed by a highly qualified management team headed by Mr. Mervyn deSouza, F.I.A., as Managing Director. Given the current market conditions in Trinidad and Tobago, the localization of the Company, and its strong management, we anticipate a successful future for this organization.

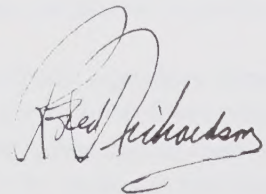
Our Armed Services Division continues to provide the finest in insurance counselling to the Canadian Armed Forces and can be expected to maintain its outstanding record in this area.

The Maritime Life Assurance Company is in a strong position as it enters 1972. The management has matured rapidly into a well-balanced team capable of supporting a major sales expansion.

For those of us who have been associated with the Company over the past exciting decade, it is with pardonable pride that we survey the Company's assembly of Head Office and Field personnel. The built-in talent and experience of this fine group guarantee Maritime Life's continued momentum in the years ahead.

The challenge and opportunities for our staff and those who will join as we progress, are indeed great, making Maritime Life a truly exciting Company with which to be associated.

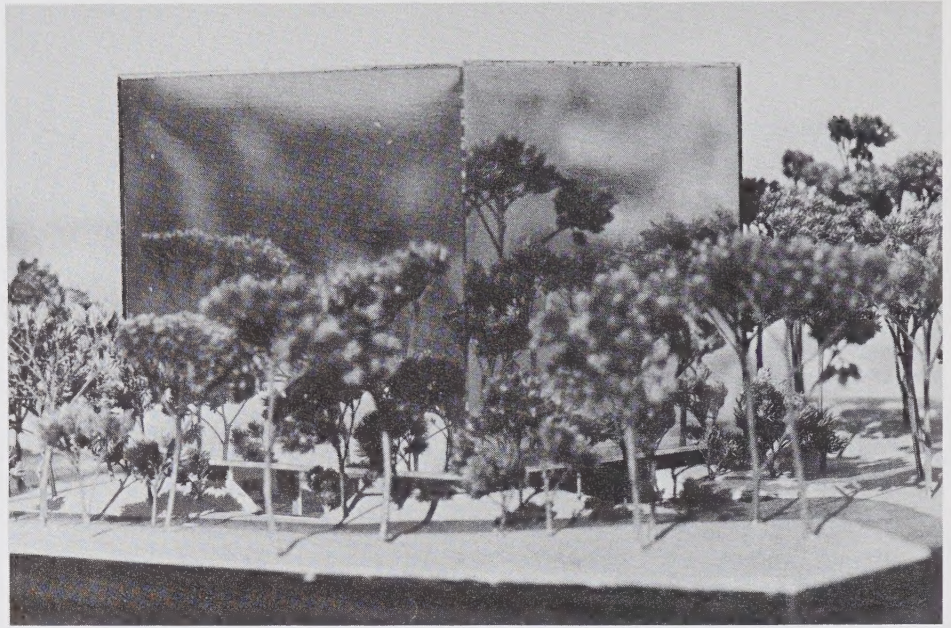
To all those on our field and Head Office staff whose efforts have made 1971 the successful year that it has been, we extend sincere appreciation.



President

February 17, 1972

OUR FUTURE HOME



Architect's model of new building.

Set in park-like surroundings, our distinctive new building will combine the best amenities of life with modern efficiency. Designed by the internationally known architectural firm of Webb, Zerafa, Menkès, Housden, our building will be sheathed with mirror glass which will provide an outstanding visual blending with the surroundings. Superb interior appointments and carefully planned lighting and air conditioning will ensure a work environment of the highest quality. The top levels of the eight-floor building will command a view of the waters of the Northwest Arm and the outer reaches of the harbour. Ingenuity and care in design will make it possible to provide generous parking facilities while protecting the natural beauty of the heavily-treed, four-acre site. Situated on one of the metropolitan area's main traffic arteries, the location will offer maximum transportation convenience to employees.

Twenty years ago, the Company lead the way by breaking with tradition and building its' then new Head Office away from what was considered the heart of the city. Many other organizations followed and the Spring Garden

Road area became a significant commercial district of Halifax. It can be predicted with confidence that our new location will be seen as a similar forward-thinking decision.

The seventy-five thousand square feet of office space provided by the building will be ample to meet the Company's future expansion needs as well as providing space for rental. It is expected that prestigious tenants will value the unique features offered in this development and will quickly take up the approximately forty thousand square feet of space that will be available for lease on intermediate and long terms. Offering the highest quality office accomodation at competitive rental rates, the building will represent a major, and increasingly profitable, investment.

Additional land surrounding the building will provide sufficient space for further development and should amply meet any foreseeable needs of the Company. The new location on Dutch Village Road will certainly be our home of the "future."

GROUP OPERATIONS

In keeping with our stated Group objectives of providing comprehensive Group sales and service to an increasing number of firms, consistent with financial soundness and efficient service to policyholders, 1971 was indeed a satisfactory year.

Over thirty-nine thousand Canadians have been provided group benefits by our Company through their employers or associations.

Throughout the year, our Group field force produced approximately two new cases each week. These Group plans have developed group life volume in excess of one hundred and thirteen million dollars and group life and casualty premiums in excess of one million five hundred thousand dollars.

These accomplishments are looked upon as a measure of our potential. The commitment to our goals, both in the field and in Head Office is strong. Preparedness meeting with opportunities augers well for our future.

Of great importance to the Company and to the personnel directly related with Group is the acceptance in the market place by the industry and the buying public that Maritime Life is and will continue to be a Company that will have a major impact in the Group field in Canada.

In the year ahead, we are anticipating exciting developments which will not only further strengthen our competitive position, but expand our market horizons as well.

ORDINARY OPERATIONS

The year 1971 was another record year for insurance sold by the Company's Canadian branches. While many branches produced sales increases, Moncton, St. John's and Ottawa Valley branches showed exceptional gains over 1970.

To broaden the base of the Company's marketing operations, a program to develop General Agencies in the major cities was embarked upon. By year-end, Agencies had been established in Calgary, Corner Brook, Montreal, Ottawa and Toronto, in addition to the agencies previously operating in Bermuda and Vancouver. The principles behind the marketing of life insurance through General Agencies are no different from those governing conventional branches. The only difference is that the General Agent assumes all responsibility for field expenses in exchange for a corresponding scale of compensation.

The Company plans to actively develop both marketing methods in the future, consistent with its overall purpose of rapid growth throughout Canada.

COMPARATIVE STATEMENT OF OPERATIONS

(in thousands of dollars)

Income	1971	1970
Premiums	\$10,112	\$ 8,583
Consideration for Settlement Annuities	496	361
Investment Income including Market Value Adjustments related to Variable Benefits	2,424	1,908
	\$13,032	\$10,852
Disposition Of Income		
Policy Benefits	\$4,092	\$3,208
Provision for Future Policy Benefits	3,713	3,069
Dividends to Policyholders	915	719
Interest Items and Pension Funds	202	193
Expenses, Commissions and Taxes	4,713	4,809
	13,635	11,998
Net Deficit From Operations	\$ 603	\$ 1,146

COMPARATIVE BALANCE SHEET

(in thousands of dollars)

Assets	1971	1970
Bonds, at Amortized Cost	\$19,160	\$18,670
Stocks, at Cost	2,211	1,594
Stocks and Other Items held for the Account of Variable Benefits, at Market	1,838	974
Mortgages, at Amortized Principal	10,684	9,734
Real Estate	859	712
Policy Loans	3,464	3,235
Cash	617	651
Investment Income, Due and Accrued	531	498
Outstanding Premiums	659	594
Other Assets	21	7
	\$40,044	\$36,669

NOTE:

The Reserve for Investments is more than sufficient to cover the excess of carrying values of the Assets over the values authorized by the Canadian and British Insurance Companies Act.

Signed on behalf of the Board

W. H. C. Schwartz, Chairman of the Board

R. F. Richardson, President

COMPARATIVE STATEMENT OF SURPLUS

(in thousands of dollars)

	1971	1970
Surplus Beginning of Period	\$1,545	\$1,095
Release of Excess Pension Funds	28	—
Special Decrease — Provision for Future Benefits	24	—
Net Currency Adjustments	141	(3)
Paid-in Surplus	—	1,816
From Operations (Deficit)	(603)	(1,146)
Write-down of Investments	—	(210)
Net Capital Loss on Investments	(19)	(7)
Surplus End of Period	<u>\$1,116</u>	<u>\$1,545</u>

AS AT DECEMBER 31st

Liabilities, Capital and Surplus	1971	1970
Policyholders		
Provision for Future Benefits	\$29,725	\$26,666
Provision for Dividends	986	760
Outstanding and Unreported Claims	1,333	730
Amounts Left on Deposit	<u>2,691</u>	<u>2,482</u>
	\$34,735	\$30,638
Bank Advances	\$ 71	\$ 573
Pension Funds	511	509
Provision for Retired Employees	63	63
Miscellaneous Liabilities	1,220	1,013
Reserve for Investments	1,600	1,600
Capital Stock Paid-Up	728	728
Surplus	<u>1,116</u>	<u>1,545</u>
	<u>\$40,044</u>	<u>\$36,669</u>

AUDITORS' REPORT

We have examined the balance sheet of The Maritime Life Assurance Company as at December 31, 1971 and the statements of operations and surplus for the year then ended and report that the investments in stocks and bonds were verified by count or confirmation and agreed with the books of the company as at December 31, 1971. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Policy reserves and other actuarial liabilities are stated at amounts certified by the company's Actuary and have not otherwise been verified by us.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1971, and the results of its operations for the year then ended, in accordance with generally accepted accounting principles of the insurance industry.

Halifax, N.S.
January 20, 1972

Riddell, Stead & Co.
Chartered Accountants

THE MANAGEMENT TEAM

EXECUTIVE OFFICERS

W. H. C. Schwartz
Chairman of the Board

B. L. Burnell, F.I.A., F.C.I.A., A.S.A.
Director, Actuarial Services and Secretary

M. L. Hepher, F.I.A., F.C.I.A., A.S.A.
Actuary, Ordinary Insurance

J. J. Neilson
Director of Administration

R. F. Richardson, F.S.A., F.C.I.A., A.C.L.U.
President & Chief Executive Officer

D. Dennis
Vice-President and Director of Agencies

K. A. Mader, C.A.
Director of Finance

R. E. Tierney
Director of Group Operations

AGENCY AND ADMINISTRATION

A. G. Anderson
Assistant Superintendent of Agencies

J. A. Bobbitt, F.L.M.I.
Manager, Data Processing

A. C. Dawrant, F.I.A., F.C.I.A., A.S.A.
Assistant Actuary

A. M. Holmes, F.L.M.I.
Manager, Accounts

L. R. McNeilly
Manager, Group Administration

H. K. Seudath, A.I.A.
Manager, Group Actuarial

E. N. Blinn, C.D.P.
Technical Advisor, Group Operations

E. Bremermann, F.L.M.I.
Manager, Policyholder Service

H. J. Dobson, C.D.P.
Manager, Systems

D. R. Lennox, A.C.I.I., F.L.M.I.
Manager, New Business

P. M. Robinson,
Agency Assistant

G. R. Trussler
Superintendent of Agencies

J. M. Woods, F.L.M.I.
Agency Comptroller

G. R. Dimock
Purchasing Agent

W. G. Patterson, F.L.M.I.
Accountant

Dr. S. T. Laufer, F.A.C.P., F.A.C.C.
Medical Director

Dr. Charles A. Gordon, F.A.C.P., F.C.C.P.
Associate Medical Director

THE FIELD ORGANIZATION

ARMED SERVICES DIVISION

Ottawa

G. J. Thomas, Field Vice President
170 Metcalfe Street, Ottawa 4, Ont.

CANADIAN DIVISION

Branch Offices

Cape Breton

H. J. Farrell, C.L.U., Branch Manager
Cape Breton Shopping Plaza
43 Keltic Drive, Sydney River, N.S.

Moncton

G. A. Bray, Branch Manager
1111 Main Street
Moncton, N.B.

Nova Scotia

J. B. Prince, Branch Manager

Offices:
1525 Birmingham Street, Halifax, N.S.

31 Webster Street, Kentville, N.S.

West Side Shopping Centre,
New Glasgow, N.S.

Prince Edward Island

Curry Building
Queen Street, Charlottetown, P.E.I.

Toronto

J. L. Pritchard, C.L.U., Branch Manager
1200 Eglinton Avenue East
Don Mills, Ont.

Corner Brook

W. W. Roberts, Branch Manager
Millbrook Shopping Centre
Corner Brook, Nfld.

Montreal-West

J. Zullo, Branch Manager
50 Place Cremazie, Suite 208
Montreal 387, Que.

Ottawa Valley

B. F. Noonan, C.L.U., Branch Manager
Perth Masonic Temple Building
61 Foster Street
Perth, Ont.

St. John's

B. F. Maunder, Branch Manager
Jack Green Building
O'Leary Avenue, St. John's, Nfld.

(continued)

AGENCIES

Calgary

Argus Insurance Services Limited
330-5th Avenue S. W., Suite 630
Calgary, Alta.

Montreal

Barker-Levin & Associates Limited
1115 Sherbrooke Street West
Suite 1503, Montreal 110, Que.

Chartlife Insurance Consultants Limited
1115 Sherbrooke Street West
Suite 1503, Montreal 110, Que.

Ciccarello & Associates Ins. Services
1267 Beaubien East, Montreal, Que.

Corner Brook

George Rideout & Associates Limited
Millbrook Shopping Centre
Suite 307, Corner Brook, Nfld.

Toronto

Advisory Insurance Agencies Limited
330 Bay Street, Suite 203
Toronto 1, Ont.

Vancouver

Triple A Consulting Limited
4395 Fraser Street
Vancouver 10, B.C.

SOUTHERN DIVISION

Trinidad and Tobago

M. M. deSouza, F.I.S., F.I.A.
Regional Manager
H. P. Eastman, Branch Manager

205 Salvatori Building
Port of Spain, Trinidad

Carlton Centre
San Fernando, Trinidad

Welch Building
Scarborough, Tobago

Jamaica Service Office

B. E. Forrest, Manager
63 Half Way Tree Road
Kingston 10, Jamaica

AGENCIES

Bermuda

Darrell and Company
P. O. Box 838
Hamilton, Bermuda

GROUP SALES OFFICES

Halifax

W. J. Leudey, Manager, Group Sales
Atlantic Provinces

1525 Birmingham Street
Halifax, N.S.

Toronto

R. P. Pugrant, C.L.U., Group Manager
T. Huggins, Manager, Group Claims

3 Thorncliffe Square
Toronto 17, Ont.

Marlife....somerville...;lead

Maritime Life Assurance Co. of Halifax reports a decline in individual policy sales during 1971 to \$77,486,000 from \$107,271,000, but group sales advanced sharply to \$113,691,000 from \$25,985,000 in 1970.

The company had a deficit on operations of \$603,000, compared with \$1,146,000 in the preceding year.

The decline in individual sales had been ~~anticipated~~ *expected* because of the elimination of Maritime Life's Jamaican sales operation in 1970. During the past year, a new company called Maritime Life (Caribbean) Ltd. was incorporated in Trinidad, and 40 per cent of its shares are being offered to Trinidadian nationals and the Government of Trinidad and Tobago. The Canadian company's business in force in these areas will be transferred to the new company.

Premium income rose to \$10,112,000 from \$8,583,000, and Maritime Life increased its dividend payments to policyholders to \$915,000 from \$719,000.

Total assets at Dec. 31 were \$40,044,000, compared with \$36,669,000 at the end of 1970. Net ~~MARKM~~ rate of interest earned on ~~MM~~ investments was 6.25 per cent, up from 6.06 per cent.



THE MARITIME LIFE ASSURANCE COMPANY

Head Office: 5435 Spring Garden Road, Halifax, Canada